

## **IC 27-3-2**

### **Chapter 2. Assessment Plans—Reorganization Into Stock Companies**

#### **IC 27-3-2-1**

##### **Authority to issue stock**

Sec. 1. Any insurance company organized and doing business under the laws of this state on what is known as the assessment plan, and having more than one thousand (1,000) members, and a reserve fund of not less than one hundred thousand dollars (\$100,000), is hereby authorized subject to the limitations hereinafter contained, to issue stock in shares of fifty dollars (\$50.00) each, to an amount of not less than one hundred thousand (100,000) nor more than five hundred thousand dollars (\$500,000), and to receive subscriptions therefor.

*(Formerly: Acts 1895, c.158, s.1.)*

#### **IC 27-3-2-2**

##### **Notice of meeting; vote of members**

Sec. 2. Before issuing any stock as provided in section 1 of this chapter, such company shall, at least four (4) weeks before the meeting provided for in this chapter, cause a printed notice of the time, place, and purpose of such meeting to be mailed to each of its members, and shall cause public notice to be given by publication thereof, at least once a week, for four (4) weeks, in a newspaper of general circulation in the county wherein is located the principal office of said company, that the proposal to issue stock in pursuance of this act, will be submitted to the members of such company at a meeting to be held at a time and place to be named in such notice. If, after due mailing and publication of such notice, two-thirds (2/3) of all the members (present at such meeting), either in person or by proxy, shall vote in favor of a proposal to issue stock as aforesaid, then the authority conferred by section 1 of this chapter, shall take effect, and subscription books may be opened.

*(Formerly: Acts 1895, c.158, s.2.) As amended by P.L.252-1985, SEC.143.*

#### **IC 27-3-2-3**

##### **Subscription rights**

Sec. 3. Every person who is a member of such company on the day of such meeting shall, for thirty (30) days after the opening of subscription books as aforesaid, be entitled to subscribe to that proportionate number of shares of the capital stock, agreed upon to be issued, which the premium note or notes owing by such member and held by such company on unexpired policies, in force on the day of such meeting aforesaid, shall bear to the entire amount of such notes then held by such company, and upon the payment of such subscription, said note or notes shall be canceled and delivered to such members. If at the end of thirty (30) days from the opening of subscription books, the full amount of the capital stock designated

has not been subscribed under the provisions of this section, then other subscriptions may be received, to be paid for as the directors of said company may require within eighteen (18) months.

*(Formerly: Acts 1895, c.158, s.3.)*

#### **IC 27-3-2-4**

##### **By-laws; directors**

Sec. 4. When all the stock shall have been subscribed as aforesaid, the stockholders shall adopt by-laws for the government of such company not inconsistent with the laws of the state of Indiana, naming therein the number of directors, which shall not be less than seven (7) nor more than thirteen (13), who shall manage the affairs of said company, and shall at once elect the new directors for the ensuing year, a majority of whom shall constitute a quorum for the transaction of business.

*(Formerly: Acts 1895, c.158, s.4.)*

#### **IC 27-3-2-5**

##### **Certificate of incorporation; body corporate; deposit of securities; change of deposited securities**

Sec. 5. And thereupon, when all of said stock shall have been subscribed, a statement shall be filed with the secretary of state, and that officer shall give to such company a certificate of incorporation under his seal of office, declaring the corporate name of such company, the amount of capital stock, and the amount of securities deposited with the auditor of state, as hereinafter provided, the names of the directors who are to conduct the business of the company for the first year, and henceforth upon the payment to such officer of the fee provided by law to be paid for the incorporation of joint stock companies; and said company shall then become a body corporate, with the power and authority to sue and be sued as such, in any proper court, and such company may carry on the business of insuring property against loss or damage by fire, in a manner not inconsistent with the laws of this state, as a stock company: Provided, however, That before such company shall issue any policies of insurance, such company shall deposit in the office of the auditor of state of Indiana, stocks, bonds or notes to be approved by said auditor, to the amount of twenty-five per cent (25%) of the capital stock of said company, the interest on which is to be paid to said company: Provided, That the securities so held may be replaced by other securities to be first approved by said auditor, when by reason of their maturity or other good cause, it shall seem necessary or proper for the best interest of such company to replace them.

*(Formerly: Acts 1895, c.158, s.5.)*

#### **IC 27-3-2-6**

##### **Officers; election; bond**

Sec. 6. Said directors shall, upon the receipt by the company of said certificate of incorporation, immediately elect a president, vice-president, secretary and treasurer from their number, who shall

be sworn to perform faithfully the duties of their respective offices, and who shall give bond for a sum and in a manner to be prescribed in the by-laws of such company.

*(Formerly: Acts 1895, c.158, s.6.)*

#### **IC 27-3-2-7**

##### **Option to discontinue writing insurance on mutual or assessment plan**

Sec. 7. It shall not be obligatory upon any company, after the issuing of stock as aforesaid, to accept applications for insurance upon the mutual or assessment plan.

*(Formerly: Acts 1895, c.158, s.7.)*

#### **IC 27-3-2-8**

##### **Treatment of assets**

Sec. 8. No part of the assets now possessed by such company, or that shall be possessed at the time of the meeting at which it is determined to issue stock, or which may be acquired in the interim, shall be divided among the members of such company, or be expended, except for the ordinary disbursements of such company made in the usual course of its business, including losses incurred upon its policies, but such assets shall remain and constitute as heretofore a fund in the hands of such company for the security of the holders of its policies.

*(Formerly: Acts 1895, c.158, s.8.)*

#### **IC 27-3-2-9**

##### **Annual report**

Sec. 9. Such company shall, by its board of directors make a report, upon the first day of January of each year, of the condition of stock, showing the amount of capital stock, the number and amount of policies issued, the nature and kind of risks taken, the losses sustained, and the assets of every nature on hand or belonging to the company, which report shall be signed and sworn to by a majority of the directors of such company and published in a newspaper of general circulation in the county in which the company shall have its principal office.

*(Formerly: Acts 1895, c.158, s.9.)*